

October 16, 2012

Health Enterprise Zones (HEZ) Frequently Asked Questions (FAQ) Guide

1. **Question:** Is each zip code in a proposed HEZ required to meet the criteria for economic disadvantage and poor health outcomes?

Answer: Yes, each zip code in a proposed zone must meet the criteria for economic disadvantage and poor health outcomes, if the values for the zip codes are known. If an applicant is proposing an HEZ using sub-zip code boundaries (e.g., census tracts), each zip code where the sub-zip code geographic bounds are located must also meet the criteria for demonstrating economic disadvantage and poor health outcomes. For example, if a proposed HEZ includes census tract 902.00, which is located in zip code 21218, then zip code 21218 would have to meet the criteria for economic disadvantage and poor health outcomes in order for census tract 902.00 to be eligible.

Zip code data for economic disadvantage and poor health outcomes criteria can be found on the Maryland HEZ Viewer available at <http://eh.dhmdh.md.gov/hez/index.html>. The U.S. Department of Housing and Urban Development maintains zip code to census tract crosswalk files available at http://www.huduser.org/portal/datasets/usps_crosswalk.html.

2. **Question:** Are zip codes without any data for economic disadvantage and poor health outcomes on the Maryland HEZ Viewer (these appear white on the maps) eligible to apply or be included in requests for HEZ designation?

Answer: Zip codes shown in white on the Maryland HEZ Viewer do not show data because they do not have a resident population of at least 5,000. These zip codes **may be eligible** if they are added to other zip codes such that the total resident population of the total potential HEZ reaches 5,000 individuals or more.

As part of their LOI submission, applicants are **not** required or expected to provide individual eligibility data for zip code areas with a population below 5,000. Rather, these smaller zip codes should be included in Table 1 of the Eligibility Work Sheet (Appendix Item A), and they will be included in the overall eligibility determination conducted by the CHRC.

Each zip code area with a population of 5,000 or more that is part of a proposed HEZ must meet each of the Community Eligibility Criteria (i.e., economic disadvantage and poor health outcome criteria). Data for these zip code areas is available at <http://eh.dhmdh.md.gov/hez/index.html>, and should be entered onto Table 2 of Appendix A.

3. **Question:** Does each zip code within a proposed HEZ need to have a minimum population of 5,000, or does the total population of the proposed HEZ (the sum of all zip code populations) have to be at least 5,000?

Answer: The overall resident population in a proposed HEZ must total 5,000 individuals or more. If a proposed HEZ is comprised of multiple zip code areas, it is not a requirement that each zip code area have a population of 5,000 or more. All zip codes or other geographic boundaries included in a proposed HEZ should be listed in Table 1 of Appendix A, regardless of population size.

4. **Question:** The Call for Proposal indicates that a proposed HEZ must be a “community or a cluster of contiguous communities.” Explain or clarify what is meant by contiguous.

Answer: Contiguous means that a proposed HEZ is one unbroken geographic area. If the proposed HEZ includes multiple zip codes (or other type of geographic area, e.g., census tracts), the boundaries of the zip codes must be adjacent to one another.

5. **Question:** What flexibility exists for HEZ applicants in terms of requesting a Zone that is not geographically contiguous?

Answer: The Call for Proposals states that HEZ applicants must request an HEZ designation for an area/zone that is geographically contiguous. The CHRC will receive requests for exceptions to this requirement and evaluate these requests on a case-by-case basis. Applicants will be required to demonstrate a **clear and compelling argument** for waiving this requirement. Considerations will include such factors as the proximity of the zip codes, the reason for not including the intervening zip code or codes, and the connections between communities. Requests for exceptions should be provided to the CHRC at the time of the submission of the Letters of Interest, which are accepted on a rolling basis but no later than October 19. Approval or denial of the requests for exceptions will be determined within two working days.

6. **Question:** Where do applicants find or access the data necessary to determine if zip codes meet threshold eligibility requirements when preparing the Letter of Interest (LOI)?

Answer: All of the data that an applicant would need when preparing the LOI submission is available on the DHMH HEZ website (<http://dhmh.maryland.gov/healthenterprisezones/SitePages/Updates.aspx>). On the “Updates” tab, applicants may determine the eligibility of each zip code based on economic criteria (Medicaid or WIC enrollment) and health status criteria (life expectancy or low birth weight rates).

- Zip codes that are colored red on these maps are eligible.
- Zip codes that are colored yellow are not eligible.
- Zip codes that are colored white are below a population of 5,000, but DHMH is able to provide data for eligibility considerations upon request. Simply email

dhmh.hez@maryland.gov to request data for zip codes that are white on these maps (below a population of 5,000).

7. **Question:** Where can I find data to support my application in addition to the basic threshold eligibility criteria or metrics (which are currently accessible on the HEZ website)?

Answer: There are many sources of additional information about geographical areas in Maryland. These include federal data sources (such as the Census Bureau, the Centers for Disease Control and Prevention, and the Health Resources and Services Administration) and state data sources in addition to local sources accessible to HEZ applicants. State data sources include the Maryland health maps website <http://dhmh.maryland.gov/maps/SitePages/Home.aspx> and the Maryland state mapping portal <http://www.imap.maryland.gov/Portal/applications.asp>. As additional resources are identified, links will be added to the HEZ Supplemental Data and Resources page at http://dhmh.maryland.gov/healthenterprisezones/SitePages/HEZ_Resources.aspx.

8. **Question:** How can potential applicants, organizations, and interested community members connect with others to apply for HEZ status? Will the state be providing any assistance in convening or coordinating local groups?

Answer: Letters of Interest (LOIs) will be accepted on a **rolling basis**, but are due to the CHRC no later than 5:00 p.m., Friday, October 19. The CHRC will certify eligibility within a 48-hour period of receipt of the LOI, notify applicants of their eligibility, and post each certified LOI on the HEZ website. Contact information for each certified LOI will be provided. Applicants who submit the LOI on Thursday, October 18 or Friday, October, 19 will be notified of their eligibility in the first few days of the following week (Monday, October 22 and Tuesday, October 23). In addition, potential HEZ applicants are encouraged to coordinate HEZ applications with the relevant Local Health Improvement Coalitions to involve local partners in the HEZ application.

Contacts for the Local Health Improvement Coalitions are available on the HEZ website, under “HEZ Supplemental Data and Resources” at http://dhmh.maryland.gov/healthenterprisezones/SitePages/Hez_Resources.aspx.

9. **Question:** Are non-profit hospitals eligible to apply for an HEZ designation?

Answer: Yes, non-profit hospitals or other community-based non-profit organizations are eligible to serve as the lead Coordinating Organization that submits the HEZ application.

10. Question: Are for-profit entities eligible for grant funding?

Answer: Yes, for-profit entities are eligible to receive grant funding (via the Coordinating Organization) under the Act.

11. Question: Can cancer be one of the disparities/targeted conditions included in an HEZ proposal?

Answer: Yes, cancer or other conditions or diseases may be targeted for improvement in an HEZ proposal. Conditions or diseases targeted should be based on identified community needs and/or disparities.

12. Question: Are any diseases or conditions given priority or preference if targeted in an HEZ application? For instance, the Call for Proposal encourages applicants to target at least one of the following: cardiovascular disease, diabetes, or asthma. Will applicants that target one or more of these be given preference for HEZ designation?

Answer: Applicants should target conditions for which substantial disparities exist within Maryland. Such disparities exist for these chronic diseases. If other targets are chosen, a strong case should be made about the nature of the disparity being addressed.

13. Question: What types and levels of practitioners are eligible to receive incentives and benefits under the HEZ Initiative? Can other health care providers, specialty physicians, or non-clinical members of a care team be considered part of the primary care workforce?

Answer: As defined by the HEZ Act, a “Health Enterprise Zone Practitioner” is one who is licensed or certified under the Health Occupations Article of the Maryland Annotated Code and who provides:

- Primary care (including obstetrics, gynecological, pediatric, or geriatric services),
- Behavioral health services (including mental health or alcohol and substance abuse services), or
- Dental services.

The goal of the HEZ Initiative is to increase access to primary care services within the Zone through a range of incentives and benefits. These incentives and benefits are available to eligible providers/individual practitioners, and are not limited to physicians. Other health care personnel such as nurse practitioners, physician assistants, registered nurses, and others are eligible to receive these incentives and benefits.

14. Question: How can a practitioner or practice qualify for tax credits?

Answer: A practitioner can receive tax credits in accordance with an approved HEZ plan. For example, if an HEZ application includes a certain amount of money set aside for tax credits for primary care physicians and nurse practitioners, those types of practitioners would be eligible for a tax credit.

Other requirements in legislation for practitioners to receive the tax credit include:

- demonstration of competency in cultural, linguistic, and health literacy in the form determined by the Department;
- acceptance and provision of care for patients enrolled in the Maryland Medical Assistance Program and uninsured patients; and
- meeting the other requirements in the legislation and regulation.

Regulations will be proposed later this fall that specify in greater detail the requirements practitioners must meet to be eligible for tax credits and that specify the procedures for certification of tax credits.

15. Question: What constitutes a “qualified position” under hiring tax credit incentives?

Answer: A “qualified position” is an HEZ practitioner, community health worker, or interpreter. The position must meet the following criteria:

- a. Provides direct support to an HEZ practitioner;
- b. Expands access to services in an HEZ;
- c. Pays at least 150% of the federal minimum wage;
- d. Is full time and of indefinite duration;
- e. Is located in the HEZ; and
- f. Is newly created as a result of the establishment of, or services in, an HEZ.

16. Question: Are hiring tax credits one-time credits when the “qualified position” is hired?

Answer: The hiring tax credits, at a potential value of \$10,000 per employee, are one-time, but are spread out over two years. The hired “qualified position” has to stay in the HEZ for two years; otherwise there is a clawback of the credit.

17. Question: Do practitioners need to reside and provide services in the HEZ to be eligible for incentives and benefits?

Answer: A practitioner is not required to reside in an HEZ, but is required to provide services in an HEZ to be eligible for incentives and benefits.

18. Question: Is there a data source that can be used to estimate or calculate the HEZ incentives? Specifically, is there guidance on how to (1) calculate state income tax credits, (2) determine the level of loan repayment assistance, and (3) estimate any cost benefits from participation in the state's Patient Centered Medical Home Program?

Answer: Regarding the calculation of individual income tax credits, this will be based on two factors: (1) the number of practitioners proposed to receive the credit against their state income; and (2) the annual taxable income of the individual practitioner. Practitioners approved by the HEZ Coordinating Organization may claim a credit against the state income tax in an amount equal to 100% of the amount of the state income tax expected to be due from the HEZ practitioner from income derived from the practice in the HEZ as certified by DHMH in that taxable year.

In addition to the state income tax credit, a practitioner approved by the HEZ Coordinating Organization may claim a refundable credit of \$10,000 against the state income tax for hiring a qualified position in the HEZ, again, as certified by DHMH in that taxable year. Practitioners must practice in the HEZ for at least two years.

Estimated costs for participation in the state's PCMH program will vary based on the individual practice. The Maryland Health Care Commission (MHCC), which is implementing the PCMH Program, has estimated that these costs might reflect the cost of submitting an application for NCQA recognition, which includes an \$80 application fee and \$500 for each physician in the practice.

19. Question: Are there any incentives that must be included in an HEZ application?

Answer: HEZ applicants must include in their HEZ application a proposal to use loan repayment incentives to attract HEZ practitioners to an HEZ. While there are no specific budgetary caps for loan repayment, this is the only incentive that must be included in an HEZ application. The other incentives – income tax credit, hiring tax credit, capital grant assistance – are optional. As part of that proposal, the Coordinating Organization should include eligibility requirements for loan repayment assistance, which are subject to approval by the Secretary and the CHRC.

20. Question: What are the requirements for individual practitioners to receive loan repayment assistance? Does a practitioner have to practice in a Health Professional Shortage Area (HPSA) to be eligible to receive loan repayment assistance under the HEZ Initiative?

Answer: HEZ Coordinating Organizations are expected to develop these criteria as part of their application. Applicants are encouraged to consult the guidelines for existing loan repayment programs. The Janet L. Hoffman Loan Assistance Repayment Program (LARP) can be accessed at http://www.mhec.state.md.us/financialaid/ProgramDescriptions/prog_larp.asp. Information pertaining to the State Loan Repayment Program (SLRP) can be accessed at <http://fha.dhmd.maryland.gov/ohpp/SitePages/pco-larp.aspx>.

Practitioners do **not** have to practice in an HPSA to receive loan repayment assistance, but they must practice in a designated HEZ and meet any requirements developed by the HEZ Coordinating Organization.

21. **Question:** Is a practitioner who provides services on a part-time basis eligible for loan repayment?

Answer: Practitioners who provide services on a part-time basis in the Zone, such as one or two days a week, may be eligible to receive loan repayment assistance if they meet the criteria established by the HEZ Coordinating Organization. This benefit should be provided on a commensurate basis based on the number of hours or days worked. For example, if a full time employee (FTE) is eligible for a total \$25,000 tuition loan repayment, then a person who works one day per week would be eligible for \$5,000.

22. **Question:** Do practitioners have to practice at a particular type of facility?

Answer: No. There are no facility-specific requirements other than the requirement that the services be provided within the Zone.

23. **Question:** Are CHRC grant resources available for residents living in a designated HEZ?

Answer: Grant programs that provide resources to residents are permissible provided the program will help to achieve goals of the HEZ Initiative. These grant resources are part of the \$4 million annual budget for the HEZ Initiative; they are not in addition to this \$4 million. As part of the HEZ Call for Proposals, applicants are encouraged to submit an annual budget request between \$500,000 to \$2 million per year for the duration of the four-year program. Grant resources or incentives for residents living within the designated HEZ should be part of this budget request (they are not in addition to the budget request).

24. **Question:** Can CHRC grant funding be used to pay tuition?

Answer: Yes. Covering the costs of tuition may be included/covered in a grant request from the CHRC and, like other CHRC grant requests, would need to be included in the overall/global budget of the HEZ application.

25. **Question:** Can grant funding from the CHRC be utilized to support transportation services?

Answer: Yes, grant funding can be used to cover the costs of client or patient transportation services such that these services expand access to health care services for target resident populations within the Zone. The need for transportation services should be documented and part of an overall strategy(ies) to achieve the program's goals. One of the fundamental

objectives of the HEZ Initiative is to create sustainable assets and programs that remain in an HEZ after the program has ended.

26. Question: In addition to grant resources available under the HEZ Initiative, are there other incentives or existing resources to support adoption of electronic health records (EHR)?

Answer: Yes, there are two additional resources available for providers interested in adopting electronic health records. The State-regulated Payor EHR Adoption Incentive provides up to \$15,000 per primary care practice that adopts an EHR system. Practices must meet certain conditions for payment and do business with one of the following state-regulated/commercial payors: Aetna, CareFirst BlueCross BlueShield, Cigna HealthCare Mid-Atlantic, Coventry Health Care, Kaiser Permanente, and United Healthcare, Mid Atlantic Region. The following link provides more information regarding this program: [State-Regulated EHR Adoption Incentives](#).

Under the federal Medicare and Medicaid EHR incentive programs, eligible providers can receive up to \$44,000 over five years through the Medicare incentive program, or as much as \$63,750 over six years in the Medicaid incentive program. The following link provides more information regarding this program: [Federal EHR Adoption Incentives](#).

27. Question: What is the duration of the HEZ Initiative?

Answer: The HEZ Initiative is a four-year pilot program that will designate Zones for a four-year period, based on calendar years (2013, 2014, 2015, and 2016). Applicants should submit an annual budget and work plan for each of the four calendar years of the program.

28. Question: Will the same HEZs be funded each year for the four-year pilot program, or will new zones be designated each year?

Answer: HEZs that are designated in year one (CY 2013) of the program will be funded in year one. While the designation is for a four-year period, funding in years two, three, and four will be contingent on the availability of state funds and the compliance/performance of the HEZ Coordinating Organization.

29. Question: Are Coordinating Organizations permitted to make adjustments to the HEZ program budgets in the out years (years two through four)?

Answer: Yes, Coordinating Organizations will be permitted to make adjustment to their budgets in years two-four through a formal process with the CHRC. Post-designation, successful HEZ applicants will negotiate the first year budget with the DHMH Secretary and CHRC in January 2013.

30. Question: What are the core responsibilities of the HEZ Coordinating Organization? What is the Coordinating Organization permitted to include in indirect or administrative costs?

Answer: The HEZ Coordinating Organization, the lead HEZ applicant, is responsible for developing the overall work plan of activities to expand access within the HEZ; selecting the incentives, benefits, and strategies that will be utilized within the HEZ; serving as the sole fiscal agent administering these benefits and incentives to individual practices and practitioners within the HEZ; and developing the global budget that reflects the benefits and incentives that will be utilized. To execute these activities, the Coordinating Organization is permitted to charge 10% in indirect costs, which should be included in the global budget. For example, if the sum of all benefits and incentives is \$500,000, the Coordinating Organization is permitted to charge 10% of \$500,000, or \$50,000. The indirect costs of \$50,000 would be included in the global budget.

In addition to these indirect costs, the Coordinating Organization is encouraged to include 5%-10% of the overall global budget to cover the costs of internal evaluation activities and monitoring the performance of individual practices and practitioners receiving HEZ resources.

HEZ applicants are encouraged to limit overall indirect or administrative costs of the global budget of the HEZ application and dedicate limited HEZ resources to activities that will provide services to residents of the HEZ. The DHMH Secretary and CHRC will have the authority to make adjustments (such as reducing the amount of indirect costs charged to the program) to the HEZ global budget request after the Zone is designated.

31. Question: Are HEZ applicants permitted or encouraged to include costs for “data collection and evaluation” in their global budget?

Answer: As described on page 17 of the Call for Proposals, applicants are encouraged to include between 5%-10% of the overall HEZ global budget for data collection and evaluation efforts. For example, if the global budget is \$500,000 in year one, the budget for Data Collection and Evaluation should be between \$25,000 and \$50,000.

32. Question: In the Call for Proposals, under Review Principle #9, what is meant by “governance structure” and “accountability”?

Answer: “Governance structure” refers to the structure and membership of the Coordinating Organization, participating partners, and any other members of the coalition in the Zone. HEZ applicants may organize the coalition and/or advisory groups into a coordinating board or committee and establish a governance structure for the group. Evidence of a governance structure could include the adoption of By-laws, which includes policies, procedures, and various roles and responsibilities of organizations. Governance structure may be displayed on an organizational chart.

“Accountability” refers to who (specifically) within the Coordinating Organization is ultimately responsible for ensuring the performance of the activities in the Zone. Accountability may relate to the internal evaluation activities performed by the Coordinating Organization to monitor the

performance of participating partners in the Zone. Finally, accountability refers to how the Coordinating Organization will hold participating partners and other recipients of HEZ benefits and incentives accountable for performance.

33. Question: Will HEZ Coordinating Organizations be encouraged to include meaningful and active participation of residents living in the zone in the development and implementation of the HEZ plan and strategies?

Answer: HEZ applicants are strongly encouraged to include the active and meaningful participation of residents within the Zone in the formal HEZ governance structure. As part of their HEZ application, Coordinating Organizations will be required to demonstrate in their application the meaningful participation of members or residents of the target population and minority groups within the requested HEZ. Particular emphasis in the application should be devoted to describing how the resident population will be involved on an active basis in the planning and implementation of the activities within the Zone. An example of meaningful participation could be reflected in the creation/addition of a Community Advisory Board comprised of residents within the designated Zone as a member of the coalition of partners in the Zone.

34. Question: How will the community be involved in the evaluation of the HEZ Initiative and measuring the impact of the program on residents in the HEZ?

Answer: HEZ Coordinating Organizations will be required to demonstrate in their application meaningful participation of resident populations served by the Zone in the evaluation activities as part of the regular reporting to the CHRC. An HEZ application should include a clear process for executing an internal evaluation plan which will enable the HEZ Coordinating Organization to monitor the performance of participating partners and implementation strategies within the Zone. As part of this internal evaluation plan, the Coordinating Organization may wish to establish an advisory group to guide/inform this evaluation plan and ensure the participation of residents within the Zone in the evaluation plan. Examples of facilitating the participation of residents in this evaluation plan could include surveys and focus groups (the results of these activities would be included/highlighted in the evaluation plan).

35. Question: Will the state be providing any technical assistance to the HEZs once these zones are designated?

Answer: Technical assistance through the state or other entities will be made available to Zones on a requested, case-by-case basis. Coordinating Organizations should make technical assistance requests to the CHRC which will be forwarded to the appropriate experts in the CHRC and DHMH.

36. Question: Will the state offer any assistance to applicants who submit a proposal but are not designated as an HEZ?

Answer: Requests that are not successful will be evaluated on a case-by-case basis, and the State will determine what other resources may be available to institute some or all of the HEZ.

37. Question: What is meant by long-term financial sustainability? Can examples be provided?

Answer: Long-term financial sustainability refers to how the HEZ Coordinating Organization and participating partners will ensure that programs initiated and resources added to a zone will be maintained after the four-year program period ends. For example, an organization that begins new services under HEZ grant program funding should work to obtain reimbursements for these services from third-party insurance plans.

38. Question: In the proposal review process, will some sections be weighted more heavily than others? If so, please provide insight into how each section will be weighed.

Answer: As indicated in the Joint Chairmen's Report and public presentations, the review of HEZ applications will be based on 13 review principles which are based on the HEZ Act.

HEZ Applications will be reviewed on these 13 criteria, and each application will receive a numeric score based on a 100-point scale. The following are the 13 criteria and the potential total point value for each principle:

	Item	Possible Points 100 point scale
1	Purpose	5
2	Description of need	10
3	Core disease targets and conditions	5
4	Goals	10
5	Strategies	10
6	Cultural, linguistic and health literacy competency	7.5
7	Balance	5
8	Contributions from local partners	5
9	Coalition	5
10	Work-plan	10
11	Program management and guidance	10
12	Sustainability	7.5
13	Internal evaluation and progress monitoring	10
Total Possible Points		100